

Supplementary Information

(Amount in millions of Renminbi, unless otherwise stated)

I DIFFERENCES BETWEEN IFRS AND CAS CONSOLIDATED FINANCIAL STATEMENTS

There are no differences in the Group's operating results for the years ended 31 December 2019 and 2018 or total equity as at 31 December 2019 and 2018 presented in the Group's consolidated financial statements prepared under IFRS and those prepared under CAS.

II UNAUDITED SUPPLEMENTARY INFORMATION

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio

	As at 31 December	
	2019	2018
RMB current assets to RMB current liabilities	54.56%	58.71%
Foreign currency current assets to foreign currency current liabilities	60.38%	54.78%

The liquidity ratios are calculated in accordance with the relevant provisions of the CBIRC.

Liquidity coverage ratio

According to the *Measures for the Information Disclosure of Liquidity Coverage Ratio of Commercial Banks*, the Group disclosed the information of liquidity coverage ratio ("LCR")⁽¹⁾ as follows.

Regulatory requirements of liquidity coverage ratio

As stipulated by the *Rules on Liquidity Risk Management of Commercial Banks* issued by CBIRC, the minimum supervision standard for liquidity coverage ratio shall not be less than 100%.

The Group's liquidity coverage ratio

Since 2017, the Group measured the LCR on a day-to-day consolidated basis⁽²⁾. In the fourth quarter of 2019, the Group measured 92-day LCR on this basis, with average ratio⁽³⁾ standing at 136.36%, representing an increase of 1.60 percentage points over the previous quarter, which was primarily due to the increase in the high-quality liquid assets ("HQLA").

	2019			
	Quarter ended 31 December	Quarter ended 30 September	Quarter ended 30 June	Quarter ended 31 March
Average value of LCR	136.36%	134.76%	137.95%	149.24%

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)

The Group's liquidity coverage ratio (Continued)

The Group's average values⁽³⁾ of consolidated LCR individual line items in the fourth quarter of 2019 are as follows:

No.		Total unweighted value	Total weighted value
High-quality liquid assets			
1	Total high-quality liquid assets (HQLA)		3,962,370
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:	7,175,950	528,304
3	Stable deposits	3,655,623	176,271
4	Less stable deposits	3,520,327	352,033
5	Unsecured wholesale funding, of which:	8,654,416	3,292,153
6	Operational deposits (excluding those generated from correspondent banking activities)	4,733,637	1,167,817
7	Non-operational deposits (all counterparties)	3,871,915	2,075,472
8	Unsecured debts	48,864	48,864
9	Secured funding		2,011
10	Additional requirements, of which:	3,063,276	1,860,288
11	Outflows related to derivative exposures and other collateral requirements	1,755,675	1,755,675
12	Outflows related to loss of funding on debt products	–	–
13	Credit and liquidity facilities	1,307,601	104,613
14	Other contractual funding obligations	50,295	50,295
15	Other contingent funding obligations	2,323,849	54,129
16	Total cash outflows		5,787,180
Cash inflows			
17	Secured lending (including reverse repos and securities borrowing)	116,073	106,113
18	Inflows from fully performing exposures	1,418,757	898,223
19	Other cash inflows	1,974,771	1,873,490
20	Total cash inflows	3,509,601	2,877,826
			Total adjusted value
21	Total HQLA		3,962,370
22	Total net cash outflows		2,909,354
23	Liquidity coverage ratio		136.36%

- (1) The LCR aims to ensure that commercial banks have sufficient HQLA that can be converted into cash to meet the liquidity requirements for at least thirty days under stress scenarios determined by the CBIRC.
- (2) When calculating the consolidated LCR, BOCG Investment, BOC Insurance, BOCG Insurance and BOCG Life were excluded from the scope of consolidation in accordance with the requirements of the CBIRC.
- (3) The average of LCR and the averages of all related individual items are the day-end simple arithmetic averages of figures over each quarter.

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)

Net stable funding ratio

In accordance with the *Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks*, the Group disclosed the information of net stable funding ratio ("NSFR")⁽¹⁾ as follows.

Regulatory requirements of net stable funding ratio

As stipulated by the *Rules on Liquidity Risk Management of Commercial Banks* issued by CBIRC, the NSFR should be equal to at least 100% on an ongoing basis since 1 July 2018.

The Group's net stable funding ratio

As stipulated by the *Measures for the Disclosure of Information on Net Stable Funding Ratio by Commercial Banks* issued by CBIRC, banks approved to implement the advanced approaches of capital measurement by CBIRC in accordance with *Rules on Capital Management of Commercial Banks (Tentative)* shall disclose the information of net stable funding ratio for the preceding two consecutive quarters at least semi-annually.

As at 31 December 2019, the Group's NSFR was 124.46% on a consolidated basis⁽²⁾, representing a decrease of 0.82 percentage point over the previous quarter. As at 30 September 2019, the Group's NSFR was 125.28%, representing a decrease of 1.53 percentage points over the previous quarter. The Group's NSFR remained stable, and met the regulatory requirement.

	2019			
	Quarter ended 31 December	Quarter ended 30 September	Quarter ended 30 June	Quarter ended 31 March
Ending value of NSFR ⁽³⁾	124.46%	125.28%	126.81%	126.75%

(1) NSFR is introduced to ensure commercial banks have sufficient stable funding to meet the requirements of assets and off-balance sheet exposures.

(2) When calculating the consolidated NSFR, BOCG Investment, BOC Insurance, BOCG Insurance and BOCG Life were excluded from the scope of consolidation in accordance with the requirements of the CBIRC.

(3) NSFR are the ending values of each quarter.

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)

The Group's net stable funding ratio (Continued)

The Group's consolidated NSFR individual line items at the end of the fourth quarter of 2019 are as follows:

No.	Items	Unweighted value				Weighted value
		No maturity	<6 months	6–12 months	≥1 year	
Available Stable Funding (ASF) Item						
1	Capital	–	–	–	2,145,900	2,145,900
2	Regulatory capital	–	–	–	2,070,970	2,070,970
3	Other capital instruments	–	–	–	74,930	74,930
4	Retail deposits and deposits from small business customers	3,892,369	3,954,442	116,983	19,928	7,383,810
5	Stable deposits	1,635,679	2,240,551	53,123	8,287	3,741,173
6	Less stable deposits	2,256,690	1,713,891	63,860	11,641	3,642,637
7	Wholesale funding	4,797,417	5,545,346	908,553	494,666	4,995,038
8	Operational deposits	4,446,337	333,937	–	–	2,390,137
9	Other wholesale funding	351,080	5,211,409	908,553	494,666	2,604,901
10	Liabilities with matching interdependent assets	–	–	–	–	–
11	Other liabilities	75,617	199,732	4,922	408,423	316,106
12	NSFR derivatives liabilities	–	–	–	94,777	–
13	All other liabilities and equity not included in the above categories	75,617	199,732	4,922	313,646	316,106
14	Total ASF					14,840,854
Required Stable Funding (RSF) Item						
15	Total NSFR high-quality liquid assets					607,090
16	Deposits held at other financial institutions for operational purposes	94,942	19,670	–	–	57,306
17	Loans and securities	61,942	4,493,443	1,939,578	8,537,927	9,913,026
18	Loans to financial institutions secured by Level 1 assets	–	9,678	–	–	968
19	Loans to financial institutions secured by non-Level 1 assets and unsecured loans to financial institutions	61,942	1,296,940	297,022	112,532	464,875
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and public sector entities (PSEs) of which:	–	2,483,840	1,432,902	4,257,280	5,497,219
21	With a risk weight of less than or equal to 35%	–	176,090	7,107	4,261	16,635

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)

The Group's net stable funding ratio (Continued)

The Group's consolidated NSFR individual line items at the end of the fourth quarter of 2019 are as follows (Continued):

No.	Items	Unweighted value				Weighted value
		No maturity	<6 months	6–12 months	≥1 year	
Required Stable Funding (RSF) Item (Continued)						
22	Residential mortgages of which:	–	102,000	90,389	3,836,062	3,307,594
23	With a risk weight of less than or equal to 35%	–	5,825	5,937	246,263	165,952
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	600,985	119,265	332,053	642,370
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	617,391	102,745	790	516,505	1,107,412
27	Physical traded commodities, including gold	209,955				178,462
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				239	203
29	NSFR derivatives assets				101,894	7,117
30	NSFR derivatives liabilities with additional requirements				18,955*	18,955
31	All other assets not included in the above categories	407,436	102,745	790	414,372	902,675
32	Off-balance sheet items				6,041,880	239,017
33	Total RSF					11,923,851
34	NSFR					124.46%

* Report derivative liabilities before deducting variation margin posted. There is no need to differentiate by maturities. The unweighted value should be excluded from the total value of item No.26 "Other assets".

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)

The Group's net stable funding ratio (Continued)

The Group's consolidated NSFR individual line items at the end of the third quarter of 2019 are as follows:

No.	Items	Unweighted value				Weighted value
		No maturity	<6 months	6-12 months	≥1 year	
Available Stable Funding (ASF) Item						
1	Capital	-	-	-	2,131,547	2,131,547
2	Regulatory capital	-	-	-	2,056,617	2,056,617
3	Other capital instruments	-	-	-	74,930	74,930
4	Retail deposits and deposits from small business customers	3,955,848	3,865,334	129,008	7,685	7,356,824
5	Stable deposits	1,623,087	2,202,415	53,834	3,035	3,688,405
6	Less stable deposits	2,332,761	1,662,919	75,174	4,650	3,668,419
7	Wholesale funding	4,724,948	5,488,317	915,810	506,581	5,007,443
8	Operational deposits	4,392,785	349,197	-	-	2,370,990
9	Other wholesale funding	332,163	5,139,120	915,810	506,581	2,636,453
10	Liabilities with matching interdependent assets	-	-	-	-	-
11	Other liabilities	77,588	173,526	4,074	445,791	306,859
12	NSFR derivatives liabilities	-	-	-	140,968	-
13	All other liabilities and equity not included in the above categories	77,588	173,526	4,074	304,823	306,859
14	Total ASF					14,802,673
Required Stable Funding (RSF) Item						
15	Total NSFR high-quality liquid assets					623,655
16	Deposits held at other financial institutions for operational purposes	64,269	5,713	-	-	34,991
17	Loans and securities	62,425	4,452,699	2,243,116	8,263,590	9,788,949
18	Loans to financial institutions secured by Level 1 assets	-	10,759	-	-	1,076
19	Loans to financial institutions secured by non-Level 1 assets and unsecured loans to financial institutions	62,425	1,386,184	326,912	79,814	460,562
20	Loans to retail and small business customers, non-financial institutions, sovereigns, central banks and public sector entities (PSEs) of which:					
21	With a risk weight of less than or equal to 35%	-	2,538,976	1,457,972	4,161,028	5,460,922
		-	169,778	7,546	6,598	21,054

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

1 Liquidity ratios, liquidity coverage ratio and net stable funding ratio (Continued)

The Group's net stable funding ratio (Continued)

The Group's consolidated NSFR individual line items at the end of the third quarter of 2019 are as follows (Continued):

No.	Items	Unweighted value				Weighted value
		No maturity	<6 months	6–12 months	≥1 year	
Required Stable Funding (RSF) Item (Continued)						
22	Residential mortgages of which:	–	131,591	119,881	3,659,945	3,196,236
23	With a risk weight of less than or equal to 35%	–	47,793	33,734	202,265	172,236
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	–	385,189	338,351	362,803	670,153
25	Assets with matching interdependent liabilities	–	–	–	–	–
26	Other assets	647,395	82,079	557	580,245	1,141,046
27	Physical traded commodities, including gold	251,378				213,671
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				282	240
29	NSFR derivatives assets				157,279	16,311
30	NSFR derivatives liabilities with additional requirements				28,194*	28,194
31	All other assets not included in the above categories	396,017	82,079	557	422,684	882,630
32	Off-balance sheet items				5,786,886	227,453
33	Total RSF					11,816,094
34	NSFR					125.28%

* Report derivative liabilities before deducting variation margin posted. There is no need to differentiate by maturities. The unweighted value should be excluded from the total value of item No.26 "Other assets".

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

2 Currency concentrations

The following information is computed in accordance with the provisions of the CBIRC.

	Equivalent in millions of RMB			Total
	USD	HKD	Other	
As at 31 December 2019				
Spot assets	3,784,665	1,633,488	1,693,247	7,111,400
Spot liabilities	(4,215,368)	(1,916,106)	(1,510,286)	(7,641,760)
Forward purchases	5,535,200	764,557	1,300,956	7,600,713
Forward sales	(5,025,682)	(508,295)	(1,486,820)	(7,020,797)
Net options position*	(43,404)	193	(1,455)	(44,666)
Net long/(short) position	35,411	(26,163)	(4,358)	4,890
Structural position	52,219	207,904	72,658	332,781
As at 31 December 2018				
Spot assets	3,679,148	1,488,089	1,445,560	6,612,797
Spot liabilities	(4,207,568)	(1,863,120)	(1,406,375)	(7,477,063)
Forward purchases	6,113,388	750,992	1,195,354	8,059,734
Forward sales	(5,492,047)	(409,454)	(1,245,872)	(7,147,373)
Net options position*	(40,858)	(258)	(1,885)	(43,001)
Net long/(short) position	52,063	(33,751)	(13,218)	5,094
Structural position	52,685	219,887	70,141	342,713

* The net option position is calculated in accordance with the relevant provisions of the CBIRC.

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

3 International claims

The Group discloses international claims according to Banking (Disclosure) Rules (L.N. 160 of 2014). International claims are risk exposures generated from the countries or geographical areas where the counterparties take the ultimate risk while considering the transfer of the risk, exclude local claims on local residents in local currency. Risk transfer is only made if the claims are guaranteed by a party in a country which is different from that of the counterparty or if the claims are on an overseas branch of a counterparty whose head office is located in another country.

International claims include “Balances with central banks”, “Due from and placements with and loans to banks and other financial institutions”, “Government certificates of indebtedness for bank notes issued”, “Loans and advances to customers” and “Financial investments”, etc.

International claims have been disclosed by major countries or geographical areas. A country or geographical area is reported where it constitutes 10% or more of the aggregate amount of international claims, after taking into account any risk transfers.

	Banks	Official sector	Non-bank private sector	Total
As at 31 December 2019				
Asia Pacific				
Chinese mainland	609,837	224,384	695,975	1,530,196
Hong Kong	21,328	116	511,403	532,847
Other Asia Pacific locations	91,641	144,997	419,521	656,159
Subtotal	722,806	369,497	1,626,899	2,719,202
North and South America	99,213	255,953	152,444	507,610
Other	72,504	72,533	252,889	397,926
Total	894,523	697,983	2,032,232	3,624,738
As at 31 December 2018				
Asia Pacific				
Chinese mainland	608,194	418,266	701,782	1,728,242
Hong Kong	18,193	1	469,543	487,737
Other Asia Pacific locations	80,097	33,887	371,850	485,834
Subtotal	706,484	452,154	1,543,175	2,701,813
North and South America	59,618	224,329	145,386	429,333
Other	54,341	77,159	234,936	366,436
Total	820,443	753,642	1,923,497	3,497,582

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

4 Overdue assets

For the purpose of the table below, the entire outstanding balance of “Loans and advances to customers” and “Placements with and loans to banks and other financial institutions” are considered overdue if either principal or interest payment is overdue.

4.1 Total amount of overdue loans and advances to customers

	As at 31 December	
	2019	2018
Total loans and advances to customers which have been overdue		
within 3 months	62,838	84,754
between 3 and 6 months	22,789	24,673
between 6 and 12 months	22,653	45,816
over 12 months	54,349	64,708
Total	162,629	219,951
Percentage		
within 3 months	0.48%	0.72%
between 3 and 6 months	0.17%	0.21%
between 6 and 12 months	0.18%	0.39%
over 12 months	0.42%	0.55%
Total	1.25%	1.87%

4.2 Total amount of overdue Placements with and loans to banks and other financial institutions

The total amount of overdue “Placements with and loans to banks and other financial institutions” as at 31 December 2019 and 2018 is not considered material.

5 Leverage ratio

The leverage ratios of the Group calculated in accordance with the *Administrative Measures for the Leverage Ratio of Commercial Banks (Revised)* and the *Capital Rules for Commercial Banks (Provisional)* are as follows⁽¹⁾:

	2019			
	As at 31 December	As at 30 September	As at 30 June	As at 31 March
Net tier 1 capital	1,806,435	1,823,977	1,749,305	1,662,406
Adjusted on- and off-balance sheet assets	24,303,201	24,085,613	23,813,940	23,032,078
Leverage ratio	7.43%	7.57%	7.35%	7.22%

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

5 Leverage ratio (Continued)

No.	Items	As at 31 December 2019
1	Total consolidated assets	22,769,744
2	Adjustments that are consolidated for accounting purposes but outside the scope of regulatory consolidation	(9,955)
3	Adjustments for fiduciary assets	–
4	Adjustments for derivative financial instruments	129,062
5	Adjustments for securities financing transactions	117,131
6	Adjustments for off-balance sheet exposures	1,686,949
7	Other adjustments	(389,730)
8	Adjusted on- and off-balance sheet assets	24,303,201

No.	Items	As at 31 December 2019
1	On-balance sheet assets (excluding derivatives and securities financing transactions)	22,146,521
2	Less: Tier 1 capital deductions	(24,185)
3	Total on-balance sheet exposures (excluding derivatives and SFTs)	22,122,336
4	Replacement cost associated with all derivative transactions (i.e. net of eligible cash variation margin)	93,226
5	Add-on amounts for potential future exposure associated with all derivative transactions	128,753
6	Gross-up for derivative collateral provided where deducted from the balance sheet assets	–
7	Less: Deductions of receivable assets for cash variation margin provided in derivative transactions	–
8	Less: Exempted CCP leg of client-cleared trade exposures	–
9	Adjusted effective notional amount of written credit derivatives	465
10	Less: Deductible amounts for written credit derivatives	(47)
11	Total derivative exposures	222,397
12	Accounting balance for securities financing transaction assets	154,049
13	Less: Deducted amounts for securities financing transaction assets	–
14	Counterparty credit risk exposure for securities financing transaction assets	117,470
15	Agent transaction exposures	–
16	Balance of assets in securities financing transactions	271,519
17	Off-balance sheet items	4,787,188
18	Less: Adjustments for conversion to credit equivalent amounts	(3,100,239)
19	Adjusted off-balance sheet exposures	1,686,949
20	Net tier 1 capital	1,806,435
21	Adjusted on- and off-balance sheet exposures	24,303,201
22	Leverage ratio	7.43%

(1) When calculating the consolidated leverage ratio, BOCG Investment, BOC Insurance, BOCG Insurance and BOCG Life were excluded from the scope of consolidation in accordance with the *Capital Rules for Commercial Banks (Provisional)*.

(Amount in millions of Renminbi, unless otherwise stated)

II UNAUDITED SUPPLEMENTARY INFORMATION (Continued)

6 Global systemic importance assessment indicators of commercial banks

The following global systemic importance assessment indicators of commercial banks are disclosed in accordance with the *Guidelines for the Disclosure of Global Systemic Importance Assessment Indicators of Commercial Banks* (Yin Jian Fa, [2014] No.1).

No.	Indicators ⁽¹⁾	2019 value
1	Adjusted on-balance and off-balance sheet assets	24,303,201
2	Intra-financial system assets	2,101,540
3	Intra-financial system liabilities	1,972,706
4	Securities and other financing instruments	3,938,510
5	Payments settled via payment systems or correspondent banks	624,289,447
6	Assets under custody	11,119,177
7	Underwritten transactions in debt and equity markets	1,861,559
8	Notional amount of over-the-counter derivatives	10,632,811
9	Trading and available for sale securities	1,125,572
10	Level 3 assets	62,976
11	Cross-jurisdictional claims	3,895,282
12	Cross-jurisdictional liabilities	4,537,599

(1) The above indicators are calculated and disclosed in accordance with the *Guidelines for the Disclosure of Global Systemic Importance Assessment Indicators of Commercial Banks*, which are unaudited and inconsistent with the disclosures in the financial report.